

- [HB 7](#) – Individual Income Tax Contribution for Education
- [HB 96](#) – Amendments Relating to Clean Fuels and Vehicles Using Clean Fuels
- [HB 102](#) – Higher Education Savings Incentive Program
- [HB 170](#) – Extension of Utah Low Income Housing Tax Credits
- [HB 179](#) – Utah Venture Capital Enhancement Act Amendments
- [HB 190](#) – Individual Income Tax - Electronic Filing Requirements
- [SB 13](#) – Individual Income Tax - Subtraction for Certain Military Income
- [SB 125](#) – Amendments to Individual Income Tax Credit for Special Needs Adoptions
- [SB 133](#) – Individual Income Tax - Return Filing Requirements
- [SB 164](#) – Individual Income Tax - Subtraction for Live Organ Donation Expenses
- [SB 199](#) – Office of Energy - Oversight

### **HB 7 Individual Income Tax Contribution for Education**

Utah Code §§59-10-549; 59-10-551 **Effective Date May 2, 2005**

This bill revokes the language allowing individual income tax contributions to a chapter of the Utah Public Education Foundation because that foundation is no longer in existence. It authorizes an individual income tax contribution to be made to a school district if the school district has not established a foundation. If a person making a contribution to a school district foundation does not designate a particular foundation to receive the contribution, the contribution shall be made to the Utah State Office of Education to be distributed to one or more associations of foundations.

### **HB 96 Amendments Relating to Clean Fuels and Vehicles Using Clean Fuels**

Utah Code §§41-6a-702; 59-7-605; 59-10-127; 59-13-304; 63-34-202; 63-34-203; 63-55-241 **Effective Date January 1, 2006**

This bill provides the circumstances under which a vehicle may travel in lanes designated for the use of high occupancy vehicles regardless of the number of occupants. For a period of five taxable years, the bill extends individual income tax and corporate franchise and income tax credits relating to vehicles using clean fuels. For taxable years beginning on or after January 1, 2006, a taxpayer may not claim a tax credit with respect to an electric-hybrid vehicle. It extends a surcharge on clean special fuel tax certificates until December 31, 2010. The bill provides that the Department of Natural Resources may not make a loan or grant under the Clean Fuels Conversion Program Act with respect to an electric-hybrid vehicle.

### **HB 102 Higher Education Savings Incentive Program**

Utah Code §§53B-8a-101; 53B-8a-102; 53B-8a-103; 53B-8a-105; 53B-8a-106; 53B-8a-107; 53B-8a-108; 53B-8a-109; 53B-8a-113; 59-7-105; 59-10-114; 59-10-201; 53B-8b-101; 53B-8b-102; 53B-8b-103; 53B-8b-104; 53B-8b-105; 53B-8b-106; 53B-8b-107; 53B-8b-108; 53B-8b-109;

53B-8b-110; 53B-8b-111; 53B-8b-112; 59-10-901 **Effective Date May 2, 2005**

This bill modifies the Utah System of Higher Education Code and the Revenue and Taxation Code regarding the Utah Educational Savings Plan Trust, which is an investment plan used to pay for higher education costs. It reestablishes the maximum amount of investments that may be subtracted from an individual's federal taxable income.

This bill clarifies that beneficiaries shall be designated before age 19 to qualify to deduct investments from federal taxable income.

If the beneficiary is designated after birth and before age 19, the payment of benefits provided under the account agreement must not begin later than the beneficiary's 27th birthday. (An account agreement is an agreement between an account owner and the trust entered into.) Account owners may designate beneficiaries age 19 or older, but investments for those beneficiaries are not eligible for subtraction from federal taxable income.

If a beneficiary age 19 or older is designated, the payment of benefits provided under the account agreement must begin not later than ten years from the account agreement date.

Each account agreement shall state clearly that there are no guarantees regarding moneys in the trust as to the return of principal and that losses could occur.

If an account agreement is cancelled by the account owner, the current account balance shall be disbursed to the account owner less an administrative refund fee and any penalty or tax required to be withheld by the Internal Revenue Code.

### **HB 170 Extension of Utah Low Income Housing Tax Credits**

Utah Code §§59-7-607; 59-10-129 **Effective Date May 2, 2005**

This bill extends for a ten-year period the amount of aggregate annual tax credit for low-income

housing that the Utah Housing Corporation may allocate under the corporate franchise and income taxes and the individual income tax.

### **HB 179 Utah Venture Capital Enhancement Act Amendments**

Utah Code §§9-2-1902; 9-2-1915; 9-2-1918; 9-2-1919; 9-2-1920; 9-2-1924; 63-38f-1201 **Effective Date March 1, 2005; Repeal Date July 1, 2008**

This bill changes the contingent tax credit from a nonrefundable credit with a 7-year carry forward to a refundable credit. The Tax Commission no longer needs to track the nonrefundable credit carryovers from year to year, nor does the Tax Commission need a form to be “processed” by us. A certificate will be sent to the taxpayer by the Governor’s Office of Economic Development authorizing the dollar amount of the credit to be taken. The certificate will include the following instructions informing the taxpayer how to claim the credit on their Utah tax return:

1. Enter the credit amount shown on the certificate as a refundable credit on the tax return for the year the certificate is issued;
2. Refer to the return instructions to determine the line number on which to record this credit;
3. Use code “49” for this credit on the return; and
4. Do not send this certificate with the return. Keep it and all related documents with other records, as they may be requested by the Tax Commission later.

The law still requires the credit be claimed on the tax return for the year of maturity date on the certificate. The Tax Commission will not require the form to be attached to the return, but retained for future audit purposes.

### **HB 190 Individual Income Tax - Electronic Filing Requirements**

Utah Code §59-10-514.1 **Effective Date January 1, 2005**

This bill requires an income tax return preparer to file returns required to be filed under the Individual Income Tax Act using scan technology or by electronic means if the preparer prepares more than 100 income tax returns in a calendar year. It provides exceptions to the requirement to file returns using scan technology or by electronic means if the taxpayer requests that a return not be filed electronically, or if the preparer provides evidence that it would be a hardship to file returns electronically.

### **SB 13 Individual Income Tax - Subtraction for Certain Military Income**

Utah Code §§59-10-103; 59-10-114 **Effective Date January 1, 2005**

This bill provides a subtraction from FAGI for the first \$2,200 of income a qualifying service member receives for qualifying service. It also applies only to the tax year beginning on or after 01/01/05.

### **SB 125 Amendments to Individual Income Tax Credit for Special Needs Adoptions**

Utah Code §59-10-133 **Effective Date January 1, 2005**

This bill amends the definition of “child who has a special need” by repealing the requirements that DCFS has been awarded permanent custody of the child and the child cannot or should not be returned to the home of the child’s biological parents. The bill requires that the adoption occur in this state.

### **SB 133 Individual Income Tax - Return Filing Requirements**

Utah Code §59-10-514 **Effective Date January 1, 2005**

This bill provides that the State Tax Commission may make rules prescribing, for taxable years beginning on or after January 1, 2005, what constitutes filing a return with the State Tax Commission for purposes of the Individual Income Tax Act (this will allow the Commission to make rules to allow certain partnerships to file a return with USTC by simply keeping a record of the information).

### **SB 164 Individual Income Tax - Subtraction for Live Organ Donation Expenses**

Utah Code §59-10-134.2 **Effective Date January 1, 2005**

This bill provides a nonrefundable income tax credit for live organ donation expenses incurred during the taxable year for which a live organ donation occurs; the credit is for the lesser of actual expenses or \$10,000. The credit has a 5-year carry forward.

### **SB 199 Office of Energy – Oversight**

Utah Code §§59-7-605; 59-7-614; 59-10-127; 59-10-134; 63-65-2; 63-73-6; 63A-3-205; 19-1-401; 19-1-402; 19-1-403; 19-1-404; 63-34-101 **Effective Date May 15, 2005**

This bill eliminates the Utah Energy Office and moves the Clean Fuels Vehicle program and fund

from the Department of Natural Resources to the Department of Environmental Quality. It also transfers authority for certain federally-related programs and the Renewable Energy Tax Credit to the Utah Geological Survey.